Conference Call Credit Presentation

Financial Results for the Year Ended December 31, 2007

February 29, 2008

It should be noted that this presentation and the remarks made by AIG representatives may contain projections concerning financial information and statements concerning future economic performance and events, plans and objectives relating to management, operations, products and services, and assumptions underlying these projections and statements. It is possible that AIG's actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these projections and statements. Factors that could cause AIG's actual results to differ, possibly materially, from those in the specific projections and statements are discussed in Item 1A. Risk Factors of AIG's Annual Report on Form 10-K for the year ended December 31, 2007. AIG is not under any obligation (and expressly disclaims any such obligations) to update or alter its projections and other statements whether as a result of new information, future events or otherwise.

This presentation may also contain certain non-GAAP financial measures. The reconciliation of such measures to the comparable GAAP figures are included in the Fourth Quarter 2007 Financial Supplement available in the Investor Information Section of AIG's corporate website, www.aigcorporate.com.

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Capital Markets

Outline

- Business Rationale, Portfolio Composition & Underwriting Standards
- Fundamental Risk Assessment & Stress Testing
- Accounting, Valuation Fundamentals & Economic Capital
- Conclusions & Next Steps

AIG Financial Products
“Super Senior” Credit Default Swap (CDS) Business

- No uniform definition for “Super Senior” risk across the market.

- AIGFP defines “Super Senior” risk as a risk where there is no expected loss at contract inception, even under its conservative stress assumptions.

- Due diligence and AIGFP proprietary modeling incorporates significantly more conservative assumptions, including for recovery rates, than those used by the rating agencies.

- While rating agency models and attachment points are useful verification tools, AIGFP always builds and models each “Super Senior” transaction with its own more conservative assumptions.

- The attachment point for the “Super Senior” portion of each portfolio is modeled as a minimum threshold above which there is no expected loss to AIGFP. The final attachment point is negotiated to exceed the modeled attachment point, giving AIGFP an additional cushion of subordination to its risk position.

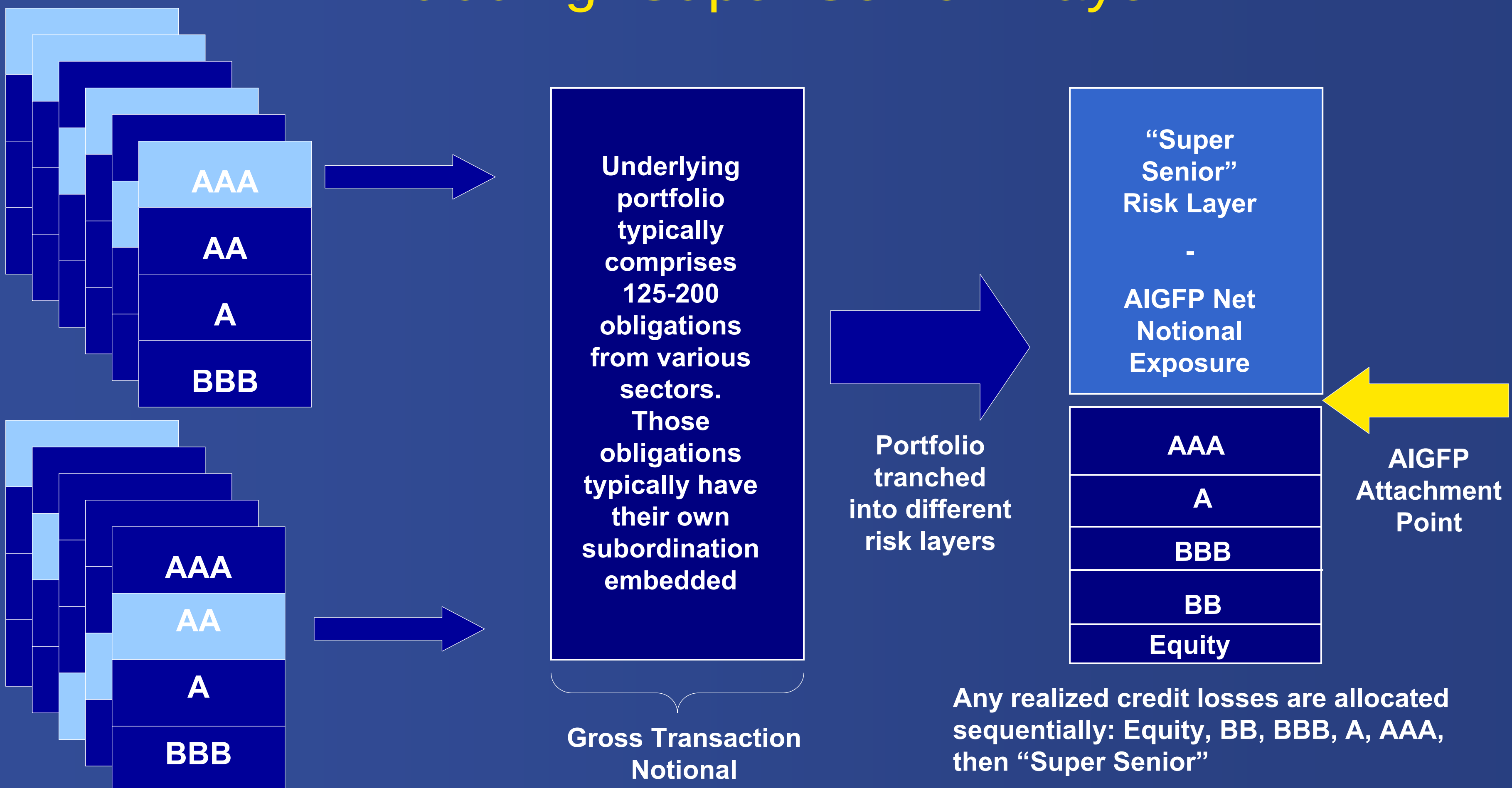
Summary Statistics "Super Senior" Credit Derivatives*

Transaction Type	Corporate – Regulatory Capital Motivated	European Residential Mortgage – Regulatory Capital Motivated	Corporate – Arbitrage Motivated	Multi-Sector CDOs		
				Transactions w/Mixed Collateral including Subprime	Transactions w/No Subprime	Total Multi-Sector CDOs
Gross Notional ($ Billion)	306.0	182.8	87.3	82.8	27.3	110.1
AIGFP Net Notional Exposure ($ Billion)	229.6	149.1	70.4	61.4	16.8	78.2
Number of Transactions	58	35	36	103	13	116
Weighted Average Subordination (%) [1]	22.0%	13.8%	18.3%	23.3%	18.0%	21.9%
Weighted Average Number of Obligors / Transaction	1,571	74,819	122	194	185	192
Expected Maturity (Years)	1.2 [2]	2.3 [2]	4.0	5.0 [3]	5.4 [3]	5.1 [3]

1. *Weighted by Gross Transaction Notional*
2. *Maturity shown reflects first non-regulatory call date, although majority of transactions have Regulatory Capital Calls from Jan 08*
3. *Reflects the Weighted Average Life*

All data is as of December 31, 2007.

Typical Tranche Structure of a Multi-Sector CDO Including "Super Senior" Layer



Residential and commercial mortgages, auto loans, etc., are securitized	Specific individually rated tranches from those securitizations are purchased by the CDO	The CDO is tranched into different layers of risk with the "Super Senior" layer being the most risk remote	Protection buyer makes periodic payments to protection seller who in turn makes payments if losses, which are allocated sequentially, exceed the relevant subordination

Fundamental Risk Assessment
AIG ERM

- Every quarter AIG ERM reviews AIGFP's "Super Senior" credit derivative exposures.

- The review considers delinquency, defaults and realized loss trends for each transaction relative to updated subordination levels. The assessment includes a review of rating agency actions. It also considers adverse economic and sector trends, where applicable.

- ERM identifies all transactions that show any unexpected deterioration or heightened risk and adds them to the internal AIG Watch List.

- ERM has initiated a regular process to run stress tests of the multi-sector CDO portfolio to determine if any transactions could pose a risk of realizing a loss if economic conditions deteriorate beyond expectations.

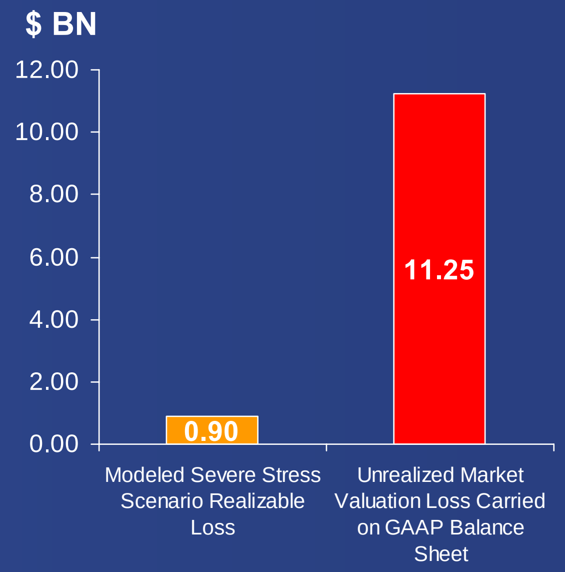
- ERM also assesses whether any transactions could represent probable loss, thus potentially requiring the establishment of credit reserves (none to date).

Stress Testing - Illustration of Potential Losses on AIGFP's "Super Senior" Credit Derivative Portfolio on Multi-Sector CDOs

Description of ERM Severe Stress Scenario*

Collateral Securities	Severe Stress Scenario
Q1-Q4 '07 Subprime RMBS	100% of AA+ or lower
Q3-Q4 '06 Subprime RMBS	100% of AA+ or lower
Q1-Q2 '06 Subprime RMBS	50% of AA+, AA, AA-; 100% of A+ or lower
Q3-Q4 '05 Subprime RMBS	50% of BBB+ or lower
Q1-Q2 '05 Subprime RMBS	100% of BB+ or lower
Inner CDOs of ABS	100% of A+ or lower
CY'06 & CY'07 Alt-A	100% of A+ or lower

Value of Pre Tax Loss Estimates*



**As of December 31, 2007. These stresses are "static" stresses, assumed to result in immediate portfolio loss and do not take any benefit for cash flow diversion and other mitigants.*

The December 31, 2007 unrealized market valuation loss of $11.25 billion significantly exceeds even a severe modeled realizable loss.

Accounting for "Super Senior" Credit Derivative Swaps

- AIGFP accounts for its "Super Senior" Credit Derivative portfolio in accordance with FAS 133 and EITF 02-3:
  - At inception the credit derivative is recorded at its transaction price as that is the best indicator of fair value.
  - Subsequent changes in fair value are recognized in earnings.

- Through June 30, 2007 there was minimal change in fair value since the inception of the derivatives:
  - The "Super Senior" credit derivative transactions are significantly out-of-the-money put options that are insensitive to normal changes in market credit spreads.
  - A significant change in credit spreads is required to cause a material change in fair value. Credit spread changes did not result in a significant change to fair value losses until the third and particularly the fourth quarters of 2007.

AIGFP "Super Senior" CDS Portfolio
Total Notional Amounts and Cumulative MTM Loss

(December 31, 2007)

Type	Notional Amount ($ Billions)	Cumulative MTM Loss ($ Billions)
Corporate Arbitrage	$ 70.4	$ 0.2
Regulatory Capital*	$ 378.7	$ 0.0
Multi-Sector CDO	$ 78.2	$ 11.3**
Total:	**$ 527.3**	**$11.5****

*** Represents Corporate & European Residential Mortgage Regulatory Capital transactions.**

**** Includes benefit of $310 million attributable to cash flow diversion features.**

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Regulatory Capital (Corporate - Regulatory & European Residential Mortgage) “Super Senior” Transactions Valuation

- Transactions entered into are of a highly customized, non-market standard nature, to facilitate regulatory capital relief, rather than for credit risk transfer.

- Transactions are expected to terminate in conjunction with the implementation of Basel II (within 12 to 18 months).

- AIG conducted a comprehensive analysis of information available at year end, including counterparty motivation, portfolio performance, market place indicators and transaction-specific considerations.

- The most compelling market observable data is the termination of $54 billion of transactions in early 2008. AIG was not required to make any payments and was paid a termination fee in some terminations.

- Hence AIG believes that these regulatory trades are appropriately valued at zero fair value as of December 31, 2007.

Evolution of AIGFP's Valuation Methodologies/Inputs for "Super Senior" Credit Derivatives Written on CDOs

Date	September 30, 2007	October 31, 2007	November 30, 2007 (Method A)	November 30, 2007 (Method B)	December 31, 2007
Methodology	• Modified BET • No attribution of Cash Flow Diversion (CFD)	• Modified BET • No attribution of Cash Flow Diversion (CFD)	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation • Negative Basis Adjustment	• Modified BET • Attribution of Cash Flow Diversion (CFD) using Monte Carlo simulation • No Negative Basis Adjustment • Overlay of Super Senior Tranche Price Quotes
Inputs	• Third party credit spreads on generic ABS • Moody's recovery rates	• Third party credit spreads on generic ABS • Third party spreads on RMBS collateral adjusted for relative change in ABX.HE • Moody's recovery rates	• Third party credit spreads on generic ABS • Third party spreads on RMBS collateral adjusted for relative change in ABX.HE • Moody's recovery rates	• Third party prices collected by CDO managers during November for October month-end • Moody's recovery rates	• Third party prices collected by CDO managers during January for December month-end • Moody's recovery rates

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Process Followed for December 31, 2007 GAAP Valuation of “Super Senior” CDS Written on CDOs

Acquisition & Review of Third Party Prices of Collateral Securities	Benchmarking to Independent Sources	Key Inputs to Modified BET Model	Modeled Super Senior market value loss	Overlay of Super Senior Tranche Price Quotes
Acquisition & Review of Third Party Prices of Underlying Securities Obtained Through CDO Managers: • Obtained dealer prices on 70% of securities of all portfolios combined • Derived final price by averaging in case of multiple quotes • Reviewed prices for consistency across ratings and time	Benchmarking of Third Party Prices to Independent Price Sources: • To IDC prices (9,180 securities); • Bloomberg – although fewer matches (1,124 securities); • Monthly trends in ABX.HE index (Series 6-1, 6-2, 7-1)	Acquisition and review of other key inputs to the Modified BET model: • WAL of securities - Bloomberg; • Verification of WAL using prepayment model; • Use of matrix pricing; • Diversity score; • LIBOR curve for discounting cash flows; • Recovery rates based on Moody’s multi-sector CDO recovery data	Valuation, review and stress testing of Modified BET results of the Super Senior market valuation loss: • Convert price to spread; • Use key inputs to run BET; • Apply OC tests and implement CFD algorithms; • Stress testing inputs and validation using separate Gaussian Copula model; • Validation by applying model to observed CDX SS pricing	Overlaying the Super Senior Tranche Quotes Obtained From 12 Major Dealers to the modified BET model results

Adjustments Made to Unrealized GAAP Market Valuation Loss to Determine Available Economic Capital Under AIG's ECM

Market Consistent Settlement Value Adjustment to Determine Available Economic Capital (December 31, 2007)

- At June 30, 2007 AIG used GAAP equity as a conservative proxy for Available Economic Capital
- For December 31, 2007:
  - AIG will use Market Consistent Embedded Value* as its estimate of Available Economic Capital for the Life & Retirement Services segment
  - For the General Insurance segment, a consistent approach will be used
  - These valuation approaches are consistent with the market consistent settlement value approach AIG has applied to FP's Super Senior credit derivative portfolio of Multi-Sector CDOs

** Currently being independently reviewed and certified by Towers Perrin.*

For the purposes of determining Available Economic Capital, AIG believes it is reasonable to make a positive market consistent settlement value adjustment of $6.2 billion in respect of the AIGFP Unrealized Loss to its GAAP Reported Total Shareholders' Equity as at December 31, 2007.

Conclusions

- AIGFP "Super Senior" credit derivative business was underwritten to an AIGFP super senior standard which projects zero losses at inception.

- There has been deterioration in the credit quality and the market's assessment of expected losses in the underlying collateral securities and AIGFP's "Super Senior" credit derivative portfolios.

- In accordance with GAAP, AIG recognized a sizable unrealized market valuation loss in 2007, consequent to severe market disruption and credit deterioration, particularly in US sub-prime mortgages, occurring predominantly in the fourth quarter. This market adjustment represented management's best estimate of the exit value of this portfolio into the current illiquid and distressed market. This volatile market may persist for some time.

- Despite the unrealized market valuation loss:
  - Based upon its most current analyses, AIG believes that any losses AIGFP may realize over time as a result of meeting its obligations under these derivatives will not be material to AIG's consolidated financial position, although it is possible that such realized losses could be material to AIG's consolidated results for an individual reporting period.
  - Except to the extent of credit impairment losses, AIG expects the unrealized market valuation losses to reverse over the remaining life of the portfolio.

- AIGFP wrote credit protection as a principal based upon sound underwriting procedures and has the ability and intent to hold its positions until contract maturity or call by the counterparty.

Next Steps

- Remediate the material weakness in internal control over financial reporting with respect to the controls over the AIGFP "Super Senior" credit derivative portfolio valuation process and oversight thereof.
- Continue to monitor closely the portfolio risk of realized loss through fundamental analysis, modeling and stress testing.
- Enhance current valuation methodologies and processes
  - Improve the timeliness and comprehensiveness of data inputs
  - Consider/develop/implement additional modeling techniques
  - Continue to observe the market
- Pursue opportunities in the market.

Insurance Investments

AIG Insurance Investment Portfolios

- The investment portfolios of AIG's insurance companies are managed by AIG Investments (AIGI)* on their behalf.
- These portfolios are managed on a spread investment or Asset-Liability Management model, not as a transactional business. As a result, we do not:
  - "Warehouse" residential mortgage loans or securitizations; or
  - Retain residual or other securities from residential mortgage backed securities (RMBS) activities.
- AIGI's RMBS and commercial mortgage backed securities (CMBS) are predominantly held as "Available for Sale" securities, not as trading positions. Hence, our underwriting focus is on ultimate collectibility, not short-term market movements.
- AIG, as with all investments, purchases RMBS, Asset-Backed Commercial Paper, Structured Investment Vehicles, and RMBS-based Collateralized Debt Obligations (CDOs) based on proprietary internal research.
- All information presented in this document is as of December 31, 2007, unless otherwise noted.
- All figures are based on amortized cost** unless otherwise indicated.
- Ratings used in this presentation are external ratings, or equivalent, based on AIG's internal risk rating process.

** For purposes of this presentation, AIGI is used to denote AIG Insurance Investment Portfolios.*

*** Amortized cost is the cost of a debt security adjusted for amortized premium or discount less other-than-temporary impairments.*

AIG Insurance Investment Portfolios

Consolidated Summary of Gains & Losses

Financial Effect of Market Disruption

For the Year Ended December 31, 2007

Realized and Unrealized Gains / Losses (Pre-tax) ($ Million)	**Total AIG***	**Amount Attributable to RMBS Portfolio**
Net realized capital gains (losses)	($3,592)	($1,647)
of which, Sales Activity	$1,237	($30)
OTTI	($4,072)	($1,617)
Other**	($757)	($0)
Unrealized (depreciation) appreciation of investments (included in Other comprehensive income)	($8,046)	($5,070)
of which, AAA-rated RMBS (depreciation)	($4,633)	($4,633)
AA-rated RMBS (depreciation)	($752)	($752)
Lower than AA-rated RMBS (depreciation)	($118)	($118)
RMBS appreciation	$433	$433

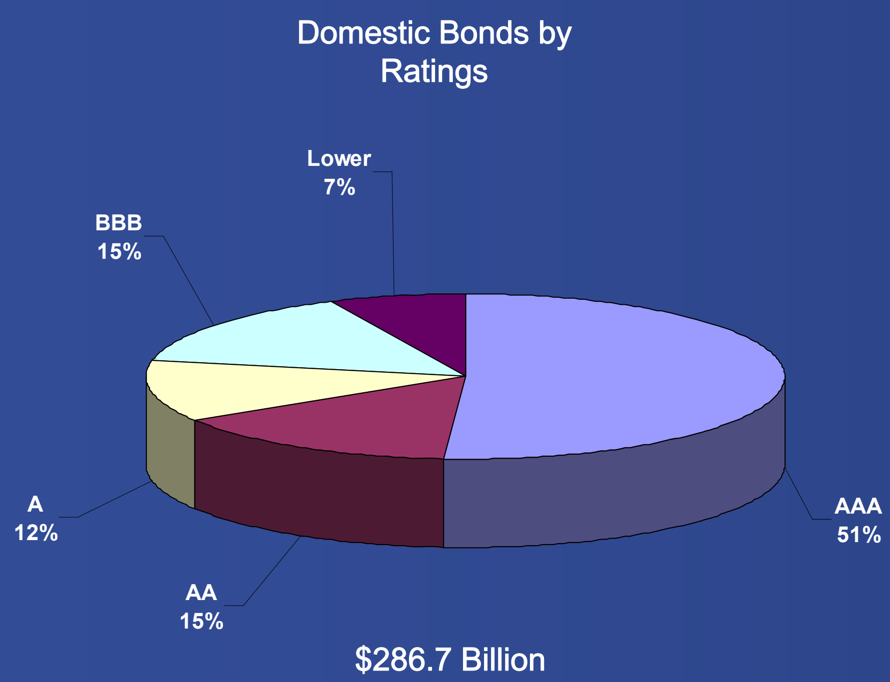
- The other-than-temporary impairments and unrealized losses result primarily from the severe credit and liquidity market turmoil.

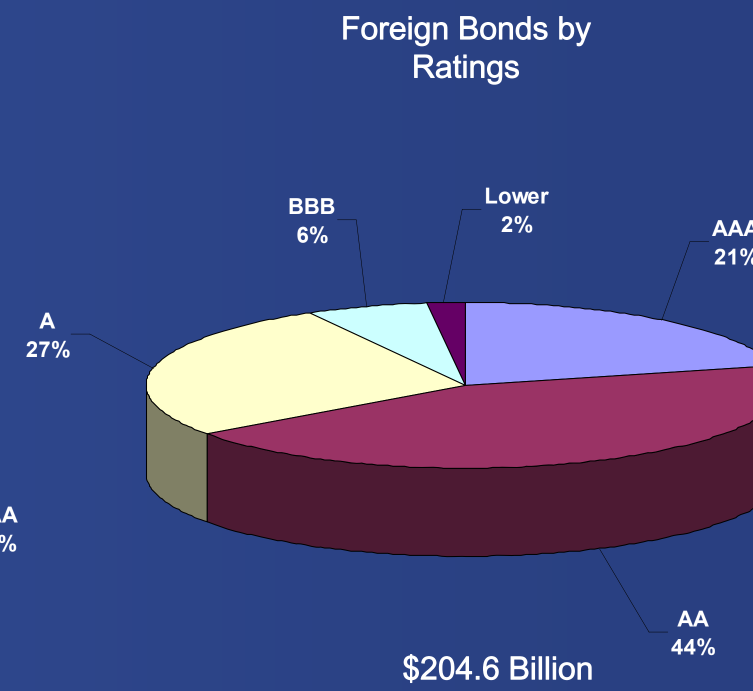
** Excludes AIGFP's super senior credit default swap portfolio.*
***Consists predominantly of foreign exchange related losses.*

AIG Insurance Investment Portfolios

Worldwide Insurance and Asset Management Bond Portfolios

- AIGI's bond portfolios* had a fair value of $491.3 billion at December 31, 2007.
- The securities are highly rated (approximately 95% are investment grade).
- The bond portfolios are also well-diversified geographically.





** Fixed Maturities: Bonds available for sale, Bonds held to maturity, Bonds trading securities and Bonds available for sale included in Securities lending collateral*

AIG Insurance Investment Portfolios
RMBS Overview

- Holdings of global residential mortgage market products total approximately $89.9 billion at December 31, 2007, or about 10% of AIG's total invested assets.
- Within AIGI's $75.3 billion non-agency portfolio, about 89% are AAA-rated and 8% are AA-rated.
  - Holdings rated BBB or below total approximately $0.5 billion, under 1% of the portfolio and less than 0.1% of total invested assets.
  - About $7.4 billion (9.9%) of the $75.3 billion is "wrapped" by monoline insurance.
  - Approximately $2.1 billion of principal was paid down during the fourth quarter.

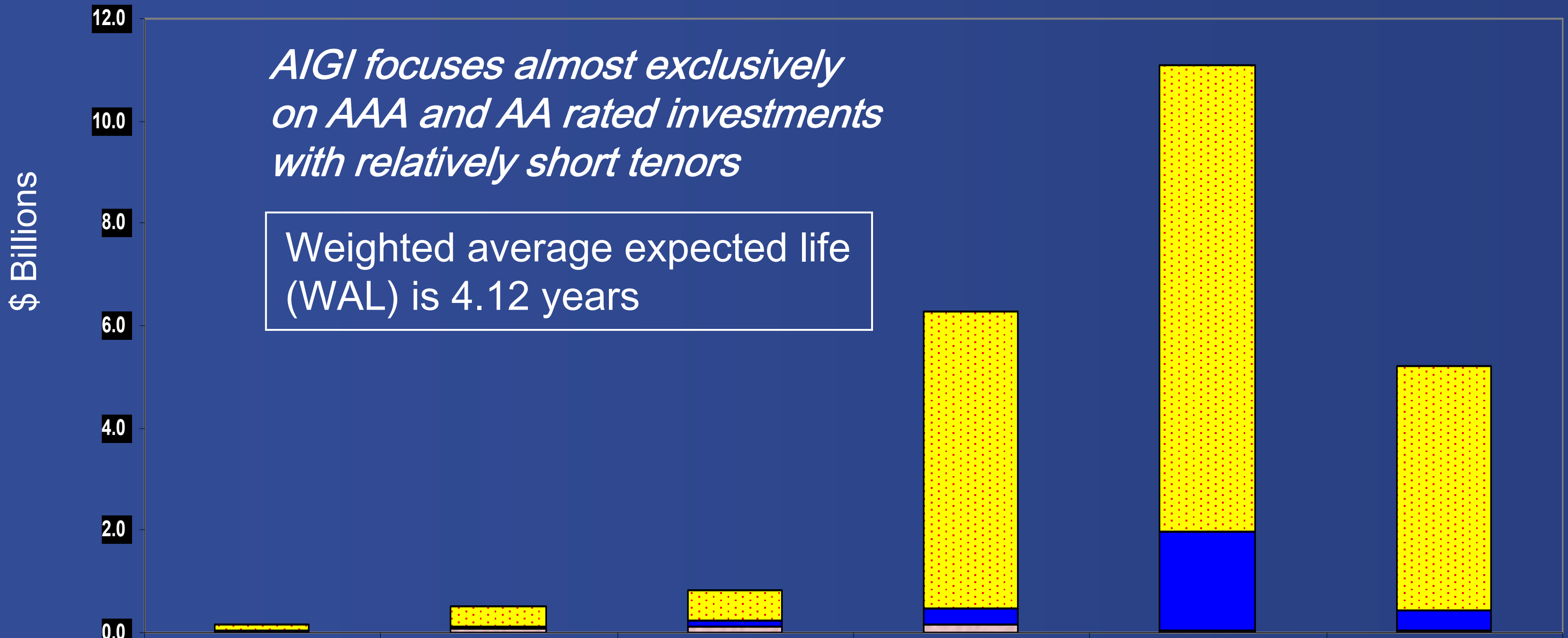
RMBS Type	Amortized Cost ($ Billion)	Amortized Cost %	Fair Value ($ Billion)	Fair Value %
Agency Pass-Through and CMO Issuances	$14.6	16%	$ 14.8	17%
Prime Non-Agency (incl Foreign and Jumbo MBS related securities)	21.6	24%	21.1	25%
Alt-A RMBS	25.3	28%	23.8	28%
Subprime RMBS	24.1	27%	21.2	25%
Other Housing-Related Paper	4.3	5%	3.9	5%
Total RMBS	**$89.9**	**100%**	**$84.8**	**100%**

- Non-agency RMBS are issued in tranche structures, such that the lower tranches absorb losses on the underlying collateral in the pool and thus insulate the higher rated tranches from loss.
  - The structure and size of each tranche depend on the nature of the collateral, rating agency analysis and models of default scenarios.
  - As a general rule, AAA and AA rated securities are structured to withstand default losses within the collateral that are multiples of historical norms without any loss of principal or interest.

AIG Insurance Investment Portfolios
RMBS Portfolio

Amortized Cost ($ Millions)	**RATING**						
HOLDINGS	**AGENCY**	**AAA**	**AA**	**A**	**BBB**	**NON INV**	**TOTAL**
AGENCY	$14,575	$ -	$ -	$ -	$ -	$ -	**$14,575**
PRIME JUMBO	-	12,708	1,794	483	143	1	**15,129**
ALT-A	-	23,967	994	309	71	8	**25,349**
SUBPRIME	-	20,843	2,833	388	10	-	**24,074**
SECOND-LIEN	-	2,055	40	85	40	3	**2,223**
HELOC	-	1,989	-	-	-	-	**1,989**
FOREIGN MBS	-	5,735	174	294	220	-	**6,423**
OTHER	-	35	13	27	14	-	**89**
TOTAL	**$14,575**	**$67,332**	**$5,848**	**$1,586**	**$498**	**$ 12**	**$89,851**

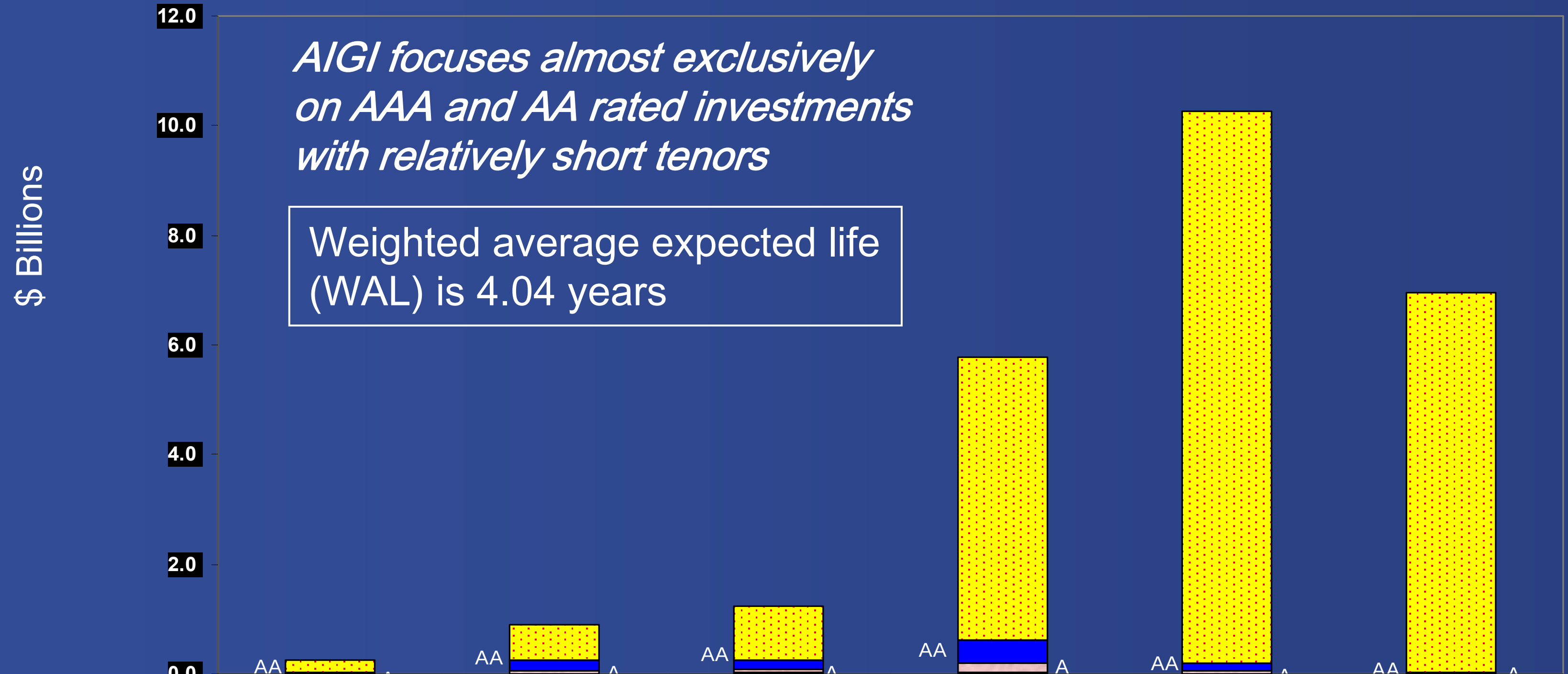
AIG Insurance Investment Portfolios
Subprime RMBS Exposure by Vintage - $24.1 Billion



	Prior	2003	2004	2005	2006	2007
AAA	0.14	0.40	0.60	5.81	9.11	4.79
AA	0.01	0.04	0.13	0.33	1.93	0.40
A	0.01	0.08	0.10	0.13	0.04	0.03
BBB	-	-	-	0.01	-	-

Vintage

AIG Insurance Investment Portfolios
ALT-A RMBS Exposure by Vintage - $25.3 Billion



	Prior	2003	2004	2005	2006	2007
AAA	0.21	0.63	0.98	5.15	10.08	6.92
AA	0.03	0.21	0.16	0.44	0.13	0.01
A	-	0.04	0.06	0.15	0.05	0.01
BBB	-	0.01	0.02	0.04	0.01	-

Vintage

AIG Insurance Investment Portfolios
Subprime RMBS

- Through its initial investment analysis, combined with ongoing monitoring, virtually all of AIGI's 2006/2007 exposure is high up in the capital structure (AAAs and AAs).
- Nevertheless, lifetime loss estimates for subprime securities – currently 15% - 21% for the 2006 vintage – have been increasing.
- Generic AA and AAA rated securities can withstand cumulative loss percentages ranging from the high teens to the mid-to-high 20s. In effect, AIGI is exposed to significant downgrade risk and market price volatility, but AIGI believes that the risk of ultimate loss is not expected to be significant.
- Recent Fed rate cuts have been a modest loss mitigant:
  - The decline in short-term rates increases excess interest, which is used to absorb losses.
  - Payment shock for ARM borrowers at interest re-set has been significantly reduced.

2006 Vintage Credit Enhancement for AIGI*

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	20.7%	29.6%
AA+ and lower	15.5%	21.5%

**Source: Intex*

AIG Insurance Investment Portfolios
Alt-A RMBS

- In the Alt-A sector, AIGI's initial investment analysis and credit selection process have resulted in most of our exposure being at the super senior* AAA level, especially in the 2006/2007 vintages.
- Over 98% of our Alt-A exposure is rated AAA or AA.
- While Alt-A loss expectations have climbed into the 2.25 – 3.25% range,** AIGI's investment decisions with respect to this portfolio have reduced portfolio risk in the current downturn.
- Consequently, AIGI is exposed to limited downgrade risk and loss of investment principal in its Alt-A portfolio.

2006 Vintage Credit Enhancement for AIGI***

Rating	Original Credit Enhancement	Current Credit Enhancement
AAA	19.0%	21.3%
AA+ and lower	4.9%	6.5%

**A super senior AAA is structured with credit enhancement in excess of that required by the rating agencies at the AAA level*
***Source: Lehman Brothers, January 2008, Global Relative Value Conference*
****Source: Intex*

AIG Insurance Investment Portfolios

RMBS Rating Agency Actions*

	Fourth Quarter 2007		YTD 2008**		
	Number of Securities	Value ($ Million)	Number of Securities	Value ($ Million)	% of Non-Agency RMBS Portfolio
Downgraded	35	$443	128	$3,578	4.8%
Watch List Negative	96	$3,396	252	$9,694	12.9%
Upgrades	0	$0	4	$6	0.0%

- Negative rating actions accelerated in the fourth quarter of 2007 and the first quarter of 2008.
- The brunt of these actions was borne by the subprime, Alt-A and 2nd lien sectors. The prime jumbo sector was relatively untouched.
- An overwhelming majority of the securities on "Watch List Negative" are rated AAA or AA.
- Currently we expect very few of the affected securities to ultimately incur a loss to investment principal.

**Based on 1st Agency to downgrade or put on watch – If on downgrade list, not included on watch list.*
Source: Moody's Investors Service, Standard & Poor's, and Fitch.
***January 1, 2008 through February 25, 2008*

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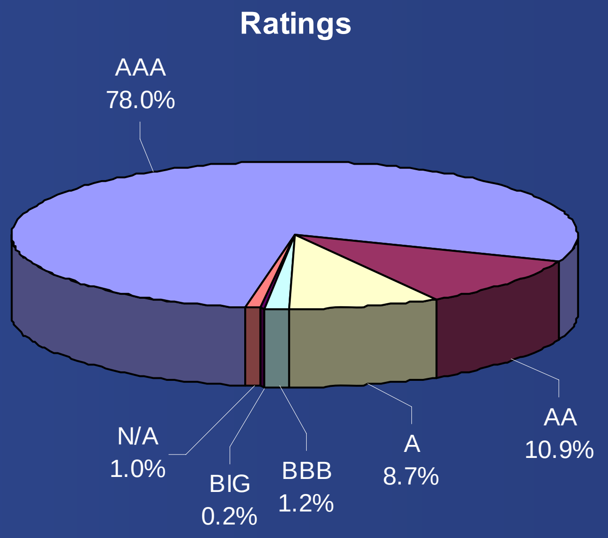
AIG Insurance Investment Portfolios
CMBS Portfolios

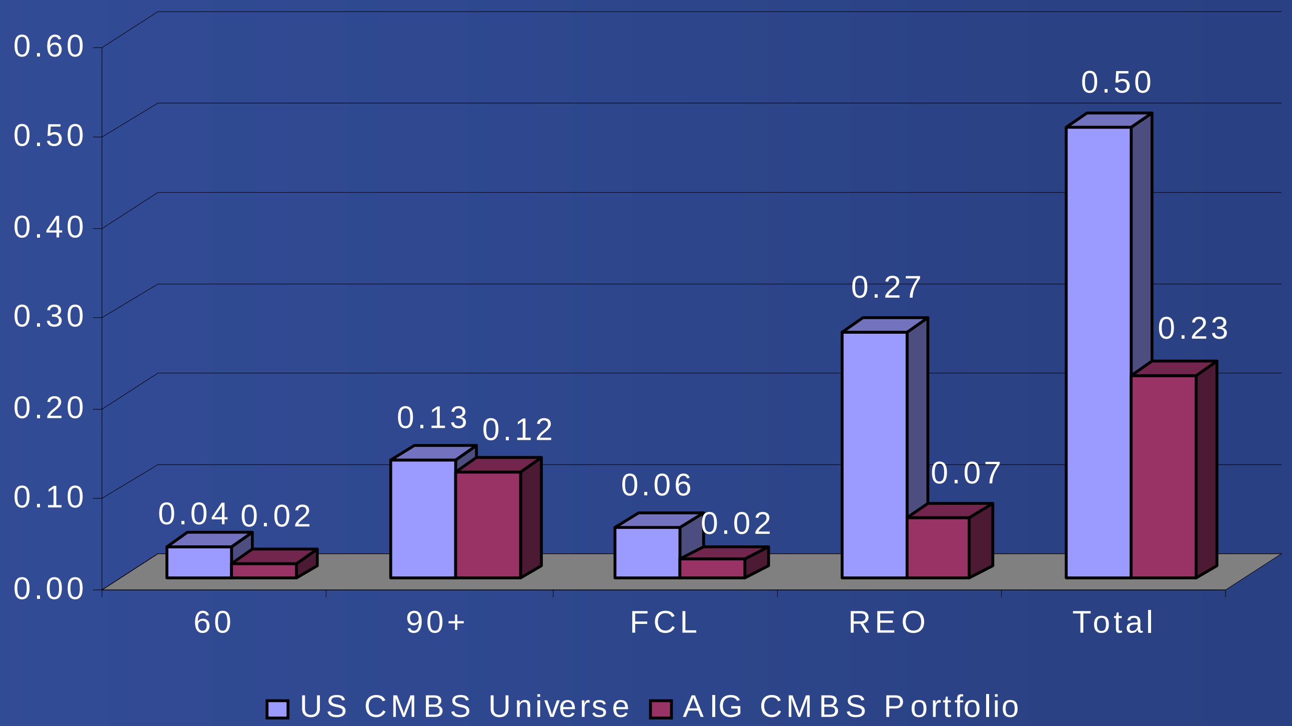
- AIGI's CMBS portfolio is predominantly comprised of traditional commercial mortgage backed securities.
- The underlying collateral of the portfolio is of high quality with close to 89% rated AAA / AA and approximately 99% investment grade.

Description	Amortized Cost ($ Million)	%
CMBS (traditional)	$21,003	87.81%
ReREMIC/ CRE CDO	2,221	9.29%
Agency	347	1.45%
Other	347	1.45%
TOTAL	**$23,918**	**100.00%**



AIG Insurance Investment Portfolios
CMBS Portfolios
Current Delinquency %

- The U.S. CMBS sector has enjoyed strong credit performance. Delinquencies are near historic lows and have remained below 1% since 2005.
- AIGI's CMBS portfolio is currently outperforming the U.S. CMBS universe.



Source: Trepp, Morgan Stanley and Intex
Delinquencies as of 2/4/08

AIG Insurance Investment Portfolios
CDO Overview

- As of December 31, 2007 the composition of the $4.55 billion CDO global portfolio is as follows:

Collateral Type ($ in Billions)	Amortized Cost	%
Bank Loans (CLO)	$2.14	47.0%
Synthetic Investment Grade	1.56	34.3%
Other	0.79	17.4%
Subprime ABS	0.06	1.3%
Total	**$4.55**	**100%**

Ratings ($ in Billions)	Amortized Cost	%
AAA	$0.80	17.6%
AA	1.02	22.5%
A	2.21	48.5%
BBB	0.42	9.2%
BIG(1) and Equity	0.10	2.2%
Total	**$4.55**	**100%**

- The weighted average market price of the CDO portfolio was $81(2) as of December 31, 2007, down from $88(2) as of September 30, 2007.

(1) Below Investment Grade
(2) As compared to par of $100

AIG Insurance Investment Portfolios

Monoline Exposure

- AIGI's exposure to monolines totals $42.2 billion, 99% of which are financial guarantees.
  - 74% of the total exposure relates to municipal bonds, which are highly rated, even without the financial guarantees.
  - AIGI does not rely primarily on financial guarantees with regards to making investment decisions in its bond portfolio.
- The composition by asset class is as follows:

Asset Class ($ in Billions)	Amortized Cost	Fair Value
Municipals	$31.41	$31.88
RMBS/CMBS	7.40	6.82
ABS	2.14	2.01
Corporates	0.76	0.80
Investment Agreements in CDOs (1)	0.44	0.36
Total Insured	42.15	41.87
Direct Corporate Exposure (2),(3)	0.06	0.04
Total Exposure	$42.21	$41.91

1) Refers to cash collateral accounts in certain synthetic CDOs. $399 million of this exposure is investment agreements with financial guarantee insurance policies provided by the monolines (includes $220 million of fully collateralized investment agreements and $179 million of investment agreements which are subject to collateral posting requirements, should the monoline guarantor be downgraded). Also includes $41 million in an investment agreement issued by a monoline with a corporate guarantee provided by a highly rated non-monoline guarantor.

(2) Represents amortized cost and fair value related to $57 million of bonds and $136 million notional of CDS.

(3) The fair value for the bond portion is $52 million and the market value for the CDS portion is ($13) million.

AIG Insurance Investment Portfolios
Monoline Exposure by Underlying Ratings

- The quality of the insured portfolio is high, with 84% having ratings of A or above. This is also a reflection of the large percentage of municipals in our wrapped monoline portfolio.

Underlying Ratings (1)	Amortized Cost ($ in Billions) (2)	% of Total
AAA	$2.90	7.0%
AA	21.35	51.1%
A	10.89	26.1%
BBB	3.62	8.7%
BB	2.40	5.8%
B	0.04	0.1%
CCC	0.45	1.1%
Non Rated	0.06	0.1%
	$41.71	**100.0%**

(1) Includes RMBS/CMBS and ABS underlying ratings, which are based solely on AIG's internal ratings assessment.
(2) Excludes $440 million of Investment Agreements in CDOs and $57 million of corporate exposure.

AIG Insurance Investment Portfolios
Monoline Exposure

- Exposure by monoline entity and by type of exposure is as follows:

Financial Guarantees	Amortized Cost ($ in Billions) (1)	Other (2)
MBIA	$13.10	$0.16
FSA	10.45	0.14
AMBAC	9.13	0.15
FGIC	7.37	0.04
SCA (XLCA/XLFA)	0.76	-
CIFG	0.67	-
Assured Guaranty Corp.	0.22	-
Multiple	0.01	-
	$41.71	**$0.49**

(1) Amounts above are exclusive of $136 million in Notional of CDS as follows: $56 million (AMBAC), $29 million (MBIA), and $51 million (Assured Guaranty).
(2) Other includes the amortized cost of corporate exposure and Investment Agreements in CDOs.

AIG Insurance Investment Portfolios
Monoline Exposure

- Sound fundamental credit underwriting is the foundation for all of AIGI's investment decisions, and financial guarantees are viewed as a secondary form of payment for all municipal and other wrapped investments.
  - More than 99% of the underlying $31.4 billion insured municipal bond portfolio is rated investment grade even without the financial guarantees.
  - 63% of the underlying $7.4 billion insured RMBS/CMBS portfolio is internally rated investment grade.
  - 98% of the underlying $2.1 billion insured ABS portfolio is internally rated investment grade.

- Currently there are 10 RMBS Second Lien, Home Equity and Subprime transactions totaling $380 million, or less than 1% of AIGI's total insured portfolio, that are known to be receiving contractual payments through their financial guarantees.

AIG Insurance Investment Portfolios

In Conclusion

- The global financial markets remain under considerable stress with reduced financing opportunities for residential mortgage borrowers.
- Market expectations for losses in the 2006/2007 U.S. subprime and Alt-A vintages have increased substantially.
- Our preference for exposures higher in the capital structure limits our risk of investment principal loss, yet our subprime holdings remain exposed to material market price volatility and downgrade risk.
- Our Alt-A holdings continue to benefit from our decision to require credit-enhanced levels in deals beyond the AAA enhancement required by the rating agencies.
- Mark-to-market write-downs have increased, but ultimate investment principal losses are not expected to be significant.
- Though our CMBS holdings have suffered from volatile market pricing, underlying fundamentals remain strong, with very low delinquencies and a high upgrade / downgrade ratio.
- Our CDO holdings have suffered minimal downgrades in 2007, and we have little exposure to the currently struggling subprime CDO market.
- Excluding municipal bonds, AIGI’s exposure to monoline insurers is a moderate percentage of our bond holdings. None of these holdings relied on financial guarantees as a primary source of repayment at the time of acquisition.
- We view monoline insurance as a secondary consideration to the credit-worthiness of the municipal bond portfolio.

Mortgage Guaranty

United Guaranty (UGC)

Executive Statement

- UGC, as a broad market participant, operates in an inherently cyclical business that is highly correlated to the fortunes of the housing market.

- UGC prices for long-term profitability to absorb market disruptions and has cumulatively generated $2.6 billion in pre-tax operating income and maintained a cumulative loss ratio of 50% for the 10-year period ended December 31, 2007.

- The quality of new business production is improving, driven by UGC's underwriting and eligibility adjustments, along with more rigorous underwriting standards applied by UGC's lender customers. The positive effects of these changes will be reflected in future years' results.

- UGC is well positioned to take advantage of the opportunities presented when the market emerges from this housing correction.

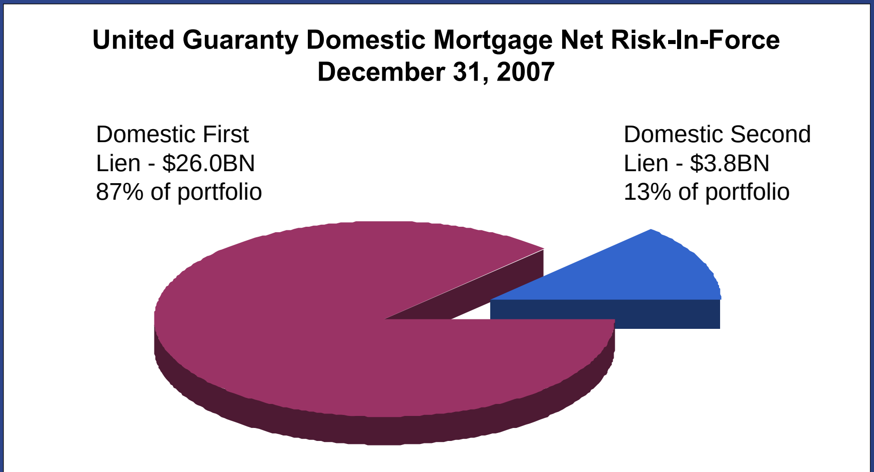
United Guaranty
December 31, 2007

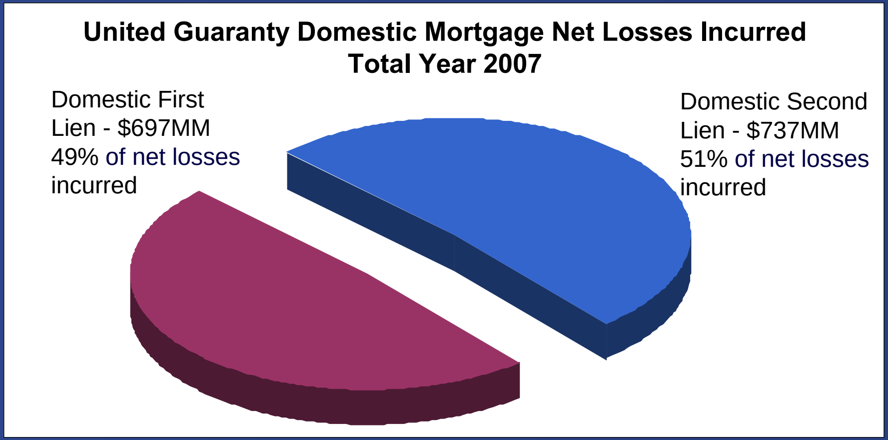
Real Estate Portfolio	Total Portfolio	FICO (≥ 660)	FICO (620-659)	FICO (<620)
Domestic Mortgage Net Risk-in-Force	$29.8 Billion	$21.0 Billion	$6.3 Billion	$2.5 Billion
60+ Day Delinquency	3.71%	2.10%	6.60%	15.56%
2007 Vintage	$8.9 Billion	$6.2 Billion	$1.9 Billion	$886 Million
60+ Day Delinquency	2.46%	1.07%	3.96%	12.99%
2006 Vintage	$6.5 Billion	$4.5 Billion	$1.4 Billion	$670 Million
60+ Day Delinquency	4.47%	2.65%	7.68%	18.12%
2005 Vintage	$5.1 Billion	$3.7 Billion	$1.0 Billion	$292 Million
60+ Day Delinquency	3.69%	2.39%	7.10%	15.17%
2004 Vintage	$3.3 Billion	$2.4 Billion	$701 Million	$214 Million
60+ Day Delinquency	3.36%	1.73%	6.81%	16.80%
Loans > 95%	$10.4 Billion	$6.6 Billion	$2.6 Billion	$1.1 Billion
60+ Day Delinquency	4.32%	2.13%	7.38%	16.44%
Low Documentation	$5.6 Billion	$5.0 Billion	$532 Million	$112 Million
60+ Day Delinquency	3.89%	3.25%	8.10%	18.29%
Interest Only & Option ARMs	$2.9 Billion	$2.4 Billion	$433 Million	$81 Million
60+ Day Delinquency	8.82%	7.76%	13.07%	16.68%

This table is for informational purposes only.
Net Risk-in-Force (RIF) = Insurance risk on mortgages net of risk sharing and reinsurance.
Loans with unknown FICO scores are included in the FICO (620-659) based on similar performance characteristics.
Delinquency figures are based on number of policies (not dollar amounts), consistent with mortgage insurance industry practice.

United Guaranty
Loss Emergence

- The deterioration of the U.S. housing market has affected all segments of the mortgage business, but the high LTV second-lien product is particularly sensitive to declining home values and as a result constitutes a disproportionate share of 2007 losses.
- Due to the accelerated claims cycle for second-lien mortgages, these net losses incurred should work through the portfolio much faster and peaked in 2007.
- However, first-lien net losses incurred are beginning to negatively impact operating results as delinquencies progress through the claim cycle. Further deterioration is anticipated in 2008.
- As of 12/31/07, expected future losses are significantly below net risk-in-force. Future premiums are expected to exceed future losses on the existing portfolio.

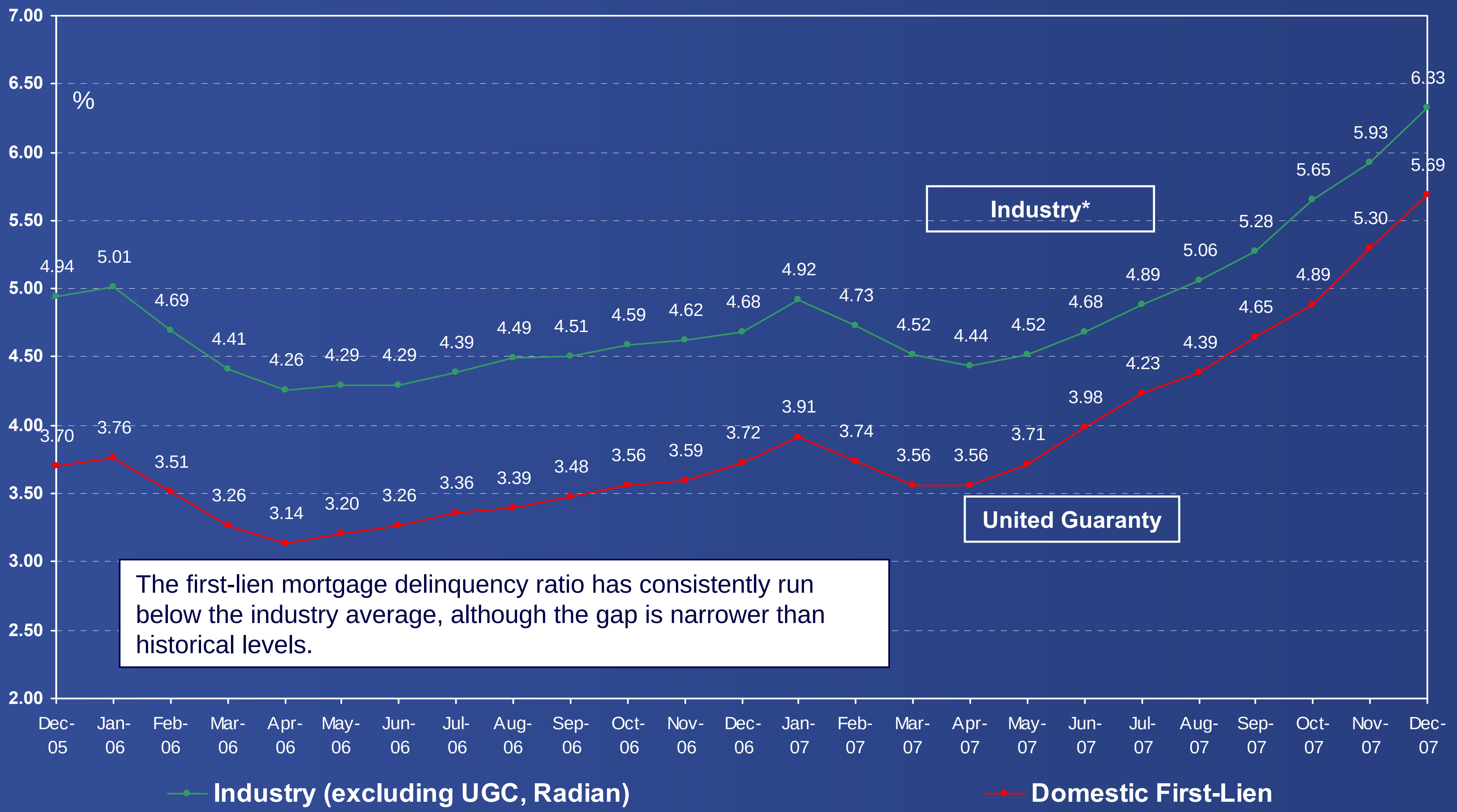




Although quality of new business production is improving, near-term results will continue to reflect market downturn.

United Guaranty

Delinquency Rates – UGC vs. Industry (First-Lien Primary)



**Source: Mortgage Insurance Companies of America (MICA)*

Figures (for UGC and industry) are based on primary insurance and do not include pool insurance.

United Guaranty

First-Lien Key Risk Initiatives

- Tightened underwriting standards and eligibility guidelines in conjunction with market movement.
- Increased rates in select, higher risk business segments.
- Established new and modified existing portfolio concentration caps.
- Flight to quality:
  - Improved mortgage insurance penetration (fewer “piggybacks”).
  - Increased conforming (GSE eligible) loan production.
  - Improved quality of new business production.

UGC continues to implement key risk initiatives to improve the quality of new business production.

United Guaranty
Second-Lien Key Risk Initiatives

- Strengthened Underwriting Guidelines
  - Eliminated Alternative Risk product in fourth quarter 2006.
  - Eliminating 100% Combined LTV (CLTV) purchase money ("piggyback") seconds.
  - Eliminated significant segments of stated income and third party originated business.

- Reduced Risk Retention Levels
  - In lieu of 100% coverage, introducing co-insurance to align the lenders' interests with those of UGC.
  - Utilizing mezzanine risk layers and lower policy limits (policy limit is commonly referred to as stop loss in the mortgage insurance industry).

- Improved Pricing
  - Implementing higher pricing on new business.
  - Utilizing experience and retrospective rating plans more frequently.

- Enhanced Portfolio Risk Management
  - Established several new portfolio concentration caps in addition to modifying selected existing caps.

UGC continues to implement key risk initiatives to improve the quality of new business production.

United Guaranty
Risk Mitigating Factors

- UGC uses several mitigants to reduce the volatility of losses transferred from lenders, which are reflected in the net risk-in-force figures:
  - Risk sharing: funded arrangements through captive reinsurance with most major lenders, in which the lenders share in losses above a determined attachment point .
  - Reinsurance: quota share reinsurance on a portion of UGC's sub-prime first-lien product and segments of its second-lien product.
  - Policy limit: second-lien mortgage business has an aggregate policy limit provision limiting losses to a percentage (generally 10%) of the total original loan balances in each policy.
  - Fraud exclusion: UGC maintains a fraud exclusion on both its first-lien and its second-lien mortgage businesses.
- 78% of first-lien mortgages are fixed rate, which have about 50% lower delinquency than ARMs.
- First-lien mortgages consist of 87% single family residences and 93% owner occupied.

UGC uses various mitigants to reduce performance volatility.

United Guaranty

Summary

- UGC is engaged in a highly cyclical business, with high returns in 8 out of 10 years and underwriting losses in 2 out of 10 years on average. The downturns in the housing industry negatively affect short-term profitability, as pricing is actuarially derived for the long-term performance.
- UGC expects that the downward market cycle will continue to adversely affect its operating results for the foreseeable future and is likely to result in another significant operating loss in 2008.
- UGC has re-engineered its second-lien product, further tightened first-lien eligibility guidelines and increased rates in select, high-risk business segments.
- The quality of new business production is improving, driven by UGC's underwriting and eligibility adjustments, along with more rigorous underwriting standards applied by UGC's lender customers. The positive effects of these changes will be reflected in future years' results.
- Additional positive market trends include:
  - Improved mortgage insurance market penetration
  - Increased conforming (GSE eligible) loan products
  - Improved persistency of insured portfolio

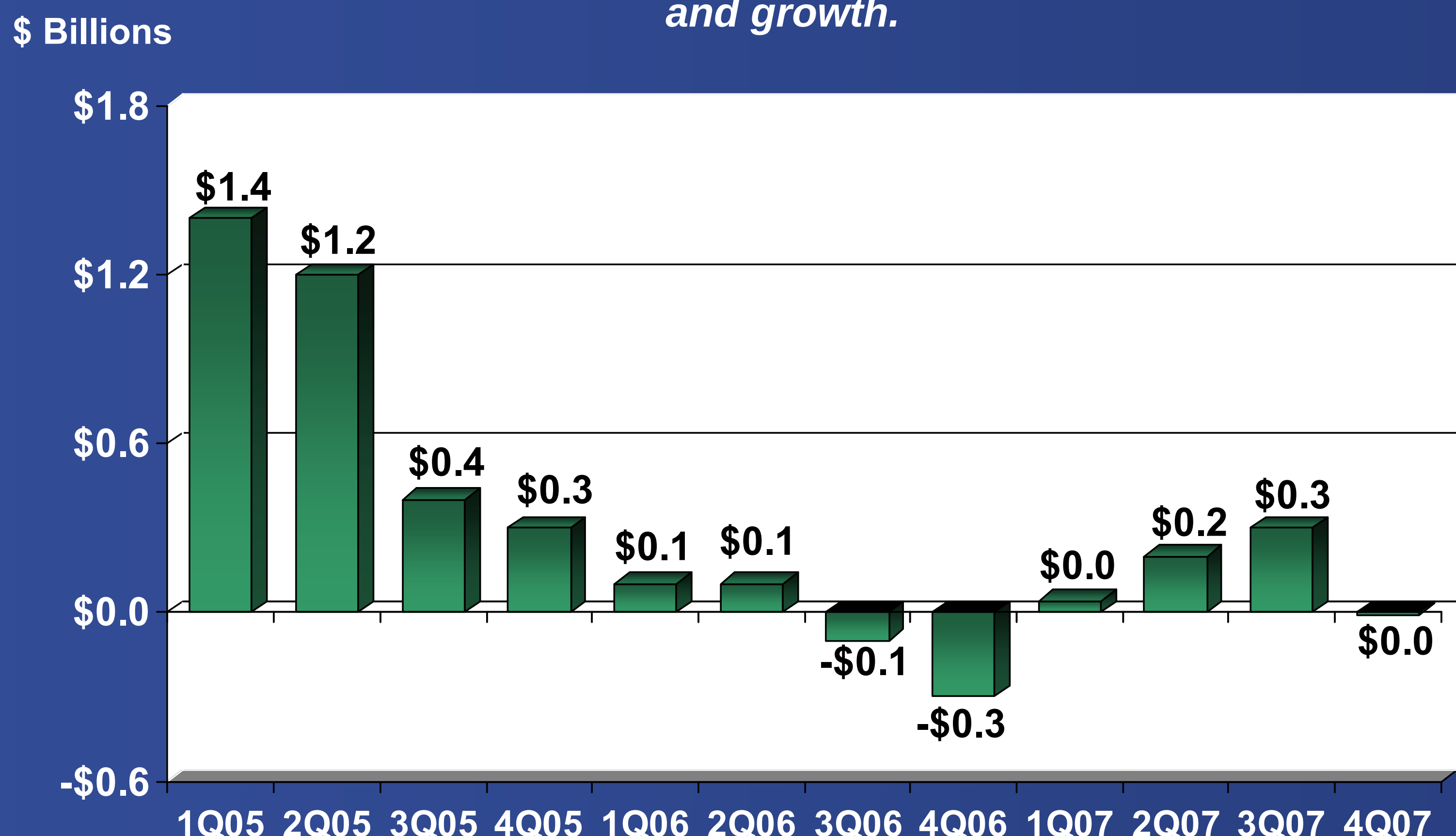
Consumer Finance

American General Finance

- For over 50 years, AIG's domestic consumer finance business has provided mortgage and consumer loans through a network of branch offices, which currently consists of 1,600 locations.
- In addition, AGF originates and acquires mortgage loans through its centralized mortgage operations.

American General Finance
Net Real Estate Loan Growth

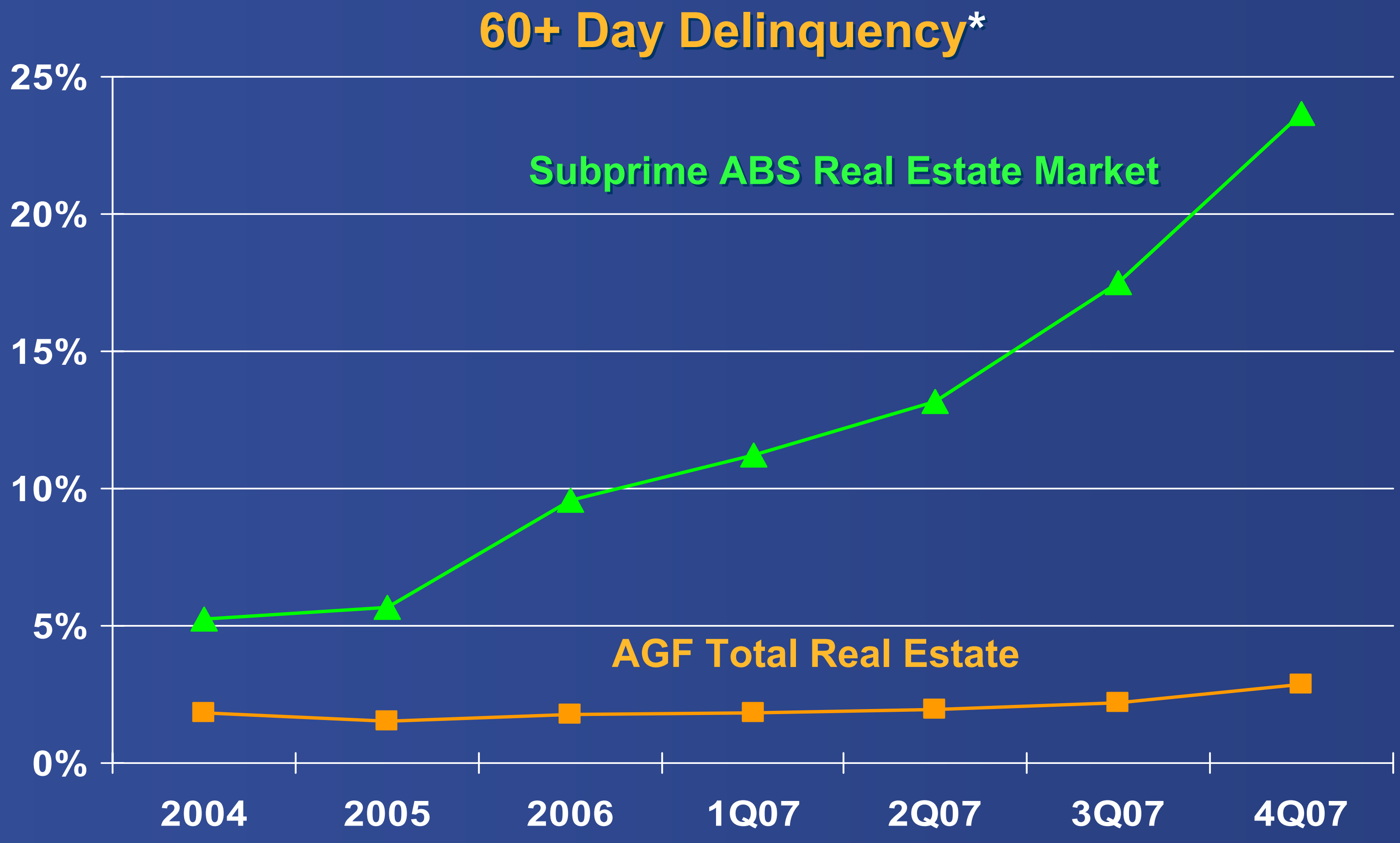
As the real estate market softened, AGF maintained its underwriting discipline despite experiencing lower volume and growth.



AIG

American General Finance

AGF vs. “Subprime ABS Market”

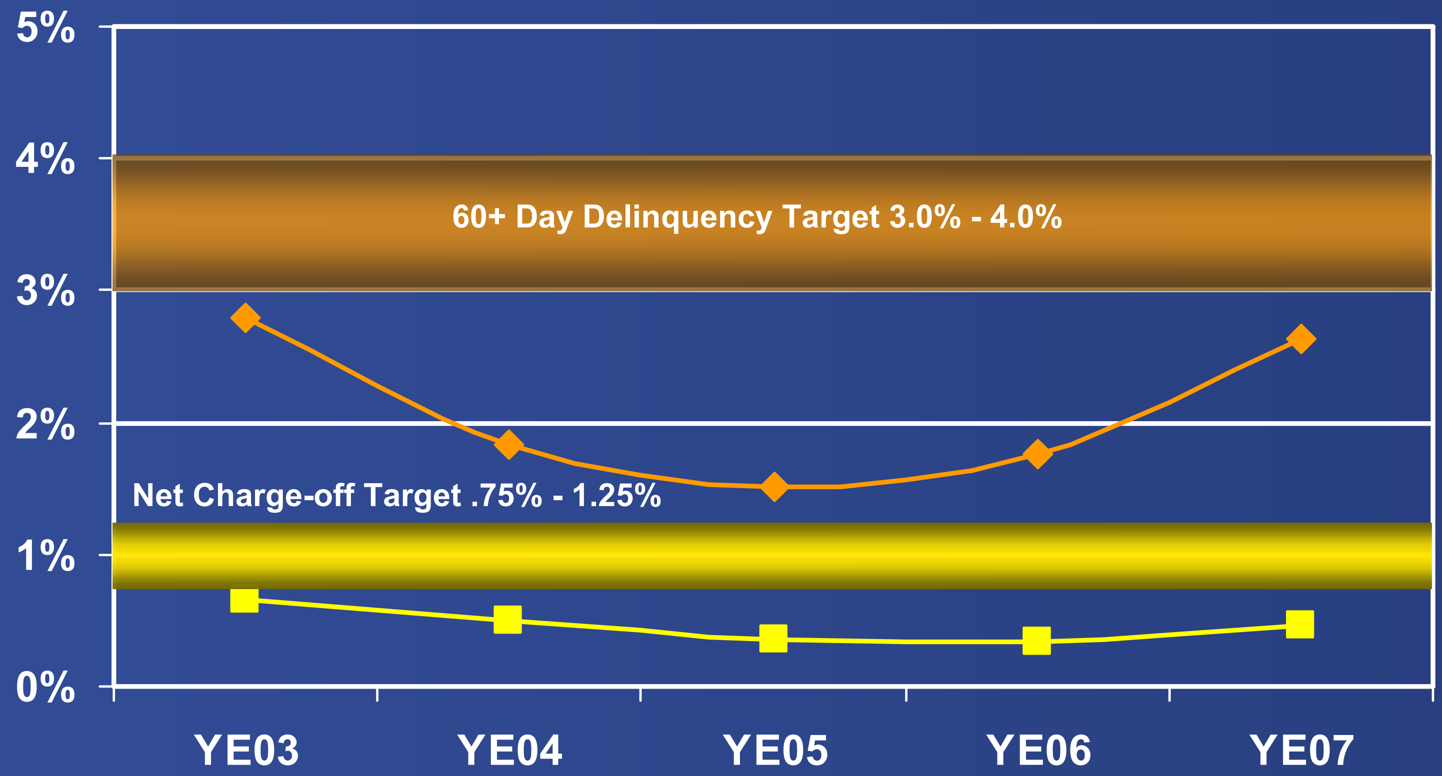


** Source: Company and industry reports*

American General Finance

Real Estate Credit Quality

AGF's delinquency and losses have risen from recent all-time lows, yet remain below their targets as well as the industry during the current mortgage market conditions.



Target ranges were set by AGF management years ago to denote sound credit quality parameters.

American General Finance
Risk Mitigating Practices - Real Estate Portfolio

- 97% of mortgages are underwritten with full income verification.
- 88% are fixed-rate mortgages; only about 9% of the total mortgage portfolio re-sets interest rates by the end of 2008; about 10% by the end of 2009.
- Adjustable rate mortgages (ARMs): borrowers are qualified on a fully-indexed and fully-amortizing basis at origination.
- No delegation of underwriting to unrelated parties.
- No Option ARMs.
- Substantially all loans are:
  - First mortgages (92%)
  - Owner occupant borrowers (94%)
- Geographically diverse portfolio.

American General Finance

Equity One Portfolio Acquisition

- AGF has agreed to acquire $1.5 billion in outstanding balances of branch-based consumer loans of Equity One, Incorporated.
- Equity One's branch-offered products are similar to those of AGF (1^{st} & 2^{nd} Fixed Rate Mortgages, Consumer Loans, Retail Sales).
- Customer profile and credit quality performance are also very similar to those of AGF.

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- The transaction is expected to close during the first quarter of 2008.
- Acquisition of 130,000 new accounts with minimal overhead increase.
- AGF was able to acquire the portfolio at an attractive price given current market conditions.
- Acquisition is expected to be accretive to earnings in 2008.

American General Finance

Summary

- At the end of the fourth quarter, AGF's real estate loan portfolio remained at $19.5 billion, flat to the end of the third quarter
  - The 2007 vintage production is the result of balanced growth from both its centralized real estate and branch operations which met both strict underwriting guidelines and return hurdles in a challenging market
- AGF maintained its time-tested, disciplined underwriting approach throughout the residential real estate boom, continually re-evaluating guidelines and adjusting as appropriate, resulting in:
  - Lower volume
  - Better than targeted delinquency and charge-off
  - Better than industry-experienced delinquency and charge-off
- AGF believes that the housing market will likely continue to deteriorate for the remainder of 2008, but the company's business model and strict underwriting approach are sound, allowing the company to pursue opportunities

AIG